

FISCAL NOTE

Bill #: SB0200

Title: Reestablish current base for grazing leases

Primary Sponsor: Glaser, B

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
State Special Revenue	\$3,000	\$3,000
Revenue:		
State Special Revenue	\$299,310	\$321,090
Other Trust	\$9,677,690	\$10,381,910
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Natural Resources and Conservation

1. The average statewide private grazing rate from the Montana Agricultural Statistics Service for 1999, 2000 and 2001 was \$14.07 per animal unit month (AUM). The rate has increased an average of \$.30 a year over the last 10 years.
2. There are approximately 1,100,000 AUMs on state land. FY 2002 grazing revenues were approximately \$5,500,000.
3. All current grazing leases would continue at the new, higher rate and would be billed at the new rate beginning in FY 2004. There may be fewer leases due to the increase in lease rates, but that number is unknown.
4. In accordance with 77-1-601, MCA, 3 percent of the revenue generated would be deposited in the resource development account.

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(continued)

Office of Public Instruction

5. Monies from grazing rentals on state lands are deposited into the state guarantee account and dedicated to state support for public schools (K-12 BASE aid). A change in the grazing rates does not have a direct impact on the state appropriation for K-12 BASE aid, but would have an impact on the total amount of state revenue available for appropriation to public schools.

FISCAL IMPACT:

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$3,000	\$3,000
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$3,000	\$3,000
<u>Revenues:</u>		
State Special Revenue (02)	\$299,310	\$321,090
Other (Trust - 09)	\$9,677,690	\$10,381,910
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$296,310	\$318,090
Other (Trust – 09)	\$9,677,690	\$10,381,910

TECHNICAL NOTES:

1. Section 2, (2) would require the board establish "...the average rate for private grazing leases in the area of the leased tract...". While the Montana Agricultural Statistics Service has previously established a statewide average lease rate, there aren't statistics for area rates nor is there a definition of 'area'. For a cost of approximately \$3,000/year (pending definition of 'area'), the Montana Agricultural Statistics Service anticipates they can collect the information annually. However, the bill indicates an effective date upon passage and approval, but the three years of 'area' rates would not be available until the third year of the survey in 2006.

LONG RANGE IMPACTS:

The trust beneficiaries would see a significant increase in revenues. DNRC would have increased monies available in the resource development account. There would probably be fewer grazing leases, but no estimate has been made.